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Presentation to SARA Panel

Acquisition Management and Planning, Part 37

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Outline

- **Objective and Focus**
- **Issues**
- **Findings**
- **Recommendations**
- **Conclusions – Remaining Steps**



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Objectives and Focus

- **Clean slate approach**
 - Identify issues and concerns
 - Differentiate legislative vs. regulatory actions
- **What “Could” vs. What “Should”**
 - Services vs. PBSA
- **Underlying FAR principles convey**
 - Acquisition Planning and methodologies apply to services
- **“Systems thinking” can be applied**
- **Protecting government’s interest – It is the public’s money!**



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Issues

- **Focus on technique – not requirement**
 - ID/IQs are now the norm
 - Focus on PBSA tends to concentrate on “how”– the technique and not “what”– the requirement
 - PBSA is a procurement method
- **Service or Services require same planning and project management discipline as hardware**
- **Overlapping issues and concerns among groups**
 - Price reasonableness, competition, small business concerns



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Findings

- **Pre-Award – Acquisition Planning**
 - Focus on services missing
 - Culture evolved based on goods
 - Acquisition planning skill applies also to services
 - Market research, critical thinking, life cycle support, availability in the market place critical skills



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Findings (continued)

- **Types of Contracts**
 - Industry norm is T&M/LH
 - Milestone billing or performance based payments may be more appropriate



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Findings (continued)

- **Award**

- Best Value is necessary
- Decision factors require understanding of the market
- Past performance is a challenge
 - Metrics and indicators currently focus on hardware type events – schedule and cost
 - Better service sector indicators may be quality of service; responsiveness to client, cost control
- Requires more analysis and focus



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Findings (continued)

- **Incentives**

- Traditional hardware/systems approach is cost, schedule and performance generally linked to improving system performance
- Such finite or concrete measures may not apply
- Award Fee is viable, but currently subjective vs. objective
- Baselines may not exist to identify improvements
- Additional investigation required



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Findings (continued)

- **Post Award**

- Is DCMA adequately prepared to administer services contracts?
- Services contractors may have little investment in property, plan or equipment
- GAO Report (GAO 05-274)
 - Reviewed 90 contracts
 - 26 had no administration nor personnel identified to administer
 - Generally found administration to be weak



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Findings (continued)

- **Professional vs. Non-professional**
 - Distinction is blurring
 - Technology is changing delivery methods
 - Distinctions among Walsh-Healy, Davis-Bacon and Service Contract Act – may no longer be required
- **Additional research required to determine if still applicable**



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Recommendations

- **Issue a questionnaire to services sector**
 - SARA Panel questionnaire
 - Task Force questionnaire received limited response
- **"Performance Based" is a tool or technique-*not the end result***
 - Federal agencies could disseminate the "Benefits to Both Parties" prepared by the Task Force
- **More focus on "services" through-out the FAR**
 - Task Force recommends
 - Changes to the FAR Part 7, Acquisition Plan format to better incorporate services issues
 - Acquisition Planning could more clearly be required for FAR Part 8, 12 and 13 procurements
 - Changes to FAR Part 15 to better incorporate services
- **Education and Training**
 - Better integration of requirements and contract domains
 - Culture Change is a challenge
 - Contracts cannot correct or fix poor requirement definitions



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Part 37

- FAR Part 37 thoroughly examined
- Not necessary to identify specific services
- More focus on small business and applicability of Part 19 to service acquisitions
- All of Part 37 could reasonably be moved to other FAR sections
- Additional analysis and investigation to re-align FAR Part 37 elsewhere in the FAR



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Conclusion

- **Legislative corrections identified**
- **Regulatory changes may still be needed**
- **Services Working Group members desire to continue working with DDP and SARA panel to identify regulatory changes**



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